

Starting July 1, 2005, we will implement the network connected device fee. The new fee will be reflected in the July bill, which you will receive in early August.

As stated in a letter dated September 10, 2004, the network fee will be \$8.50 per month for each network connected device. This amount is significantly less than the \$13 rate published in the budget instructions for FY2006 / FY2007. The \$8.50 per month fee should have been the basis for your budget requests for the new biennium, and the impact of the change was shared with the Budget Division.

This fee replaces a combination of charges (direct access fee, fixed function terminal, and LAN segment counts). Revenue from these fees has provided the network infrastructure and related services. The network infrastructure connects agencies to the state's network, the Internet, other agencies' networks, and many computing resources and applications. Network infrastructure services include technical support, problem detection and resolution, and a base level of network security.

The reason for this change is to provide a method for cost recovery that is a more accurate reflection of use and is easier to understand. New technologies are blurring the distinctions that formed the basis for the previous system of fees. Another key goal is to reflect everything that contributes to the load and complexity of the state's network. The device count includes servers, desktops, laptops, network-attached printers, network-attached copier/printers and any other network-connected equipment, client VPN (virtual private network) accounts, connections to 3174 control units, connections to AS/400s, and campus connections.

The device fee concept is an improvement over the previous complex system of charges, but it requires an element of self reporting to be completely accurate. The list of device counts for the July bill is largely unchanged from a year ago. It comes from a variety of sources, including a scan of network attached IP addresses, a check against FTE counts, and information provided by agencies. At the start of each biennial budget process, we will revisit the methodology for developing the device count and allocating the costs of the state's networking infrastructure. We welcome your comments and suggestions.

The device fee does not replace the Direct Computer Connection Fee (\$150 per month) which is used to cover the cost of VPNs, firewalls, and similar installations managed by Network Support. It is also not intended to provide very high bandwidth connections for devices that exceed 10/100 megabit Ethernet. Communications and bandwidth charges for VPN are also outside the scope of the device fee, as are the costs of data circuits (e.g., leased lines, frame relay, and other telecommunications services for transmitting data).

If you have any question, please contact either Jayne Scofield (402.471.3454, jscofiel@notes.state.ne.us) or Steve Schafer (402.471.4385, slschafe@notes.state.ne.us).